FINANCE SECRETARIAT

Reforms in the structure of Budget and Accounts—Instructions regarding—

OFFICIAL MEMORANDUM

No. FD 19 BUD 73,Bangalore, Dated 20th March 1974

As the Departments are aware, the reforms in the structure of Budget and Accounts suggested by the Study Team of the Government of India will come into effect from 1974-75. The Budget Estimates for 1974-75 presented to the State Legislature are in accordance with the revised classification. A link document indicating the new and corresponding old heads of account is being supplied separately to the Departments.

2. The following instructions are issued in connection with the preparation of bills, classification of transactions etc., in the revised set up:

(i) the Drawing Officers should indicate on all bills and other account documents the correct and complete classification as indicated in the Budget Estimates for 1974-75. As could be seen from the Budget, Plan and Non-Plan expenditure are exhibited in adjacent columns against the same head of account and there is no separate head of account to classify Plan Expenditure. **It is therefore, absolutely necessary** that for proper classifications of transactions in accounts, separate bills are drawn for **Plan** and **Non-Plan** expenditure and that the bills should be prominently marked "**Plan**" or "**Non-Plan**" as indicated in the following examples:

Non-Plan	**Plan**
253. District Administration	305. Agriculture
3. Other Establishment--	8. Commercial Crops
G. Taluk Establishment--	A. Agricultural Department—
I. Bangalore Division	I. Development of Cotton—
Salaries—	Travel Expanses.
Staff	
Dearness Allowances	
Etc.	

The Drawing Officers should have rubber stamps with the words "PLAN" and "NON-PLAN" and use them for marking on the bills. Until such rubber stamps are ready, classifications as indicated above should be recorded clearly in ink.

The Treasuries should not accept bills which are not in accordance with the Revised Classification and are not clearly marked PLAN/NON-PLAN.

(ii) In the case of receipts also, the correct revised classification in accordance with the Budget Estimates of Revenue and Other Receipts for 1974-75 should be furnished on the Challans. The Treasury Officers and the Departmental Officers, who initial the Challans should ensure that classification as per new heads of account is furnished on the Challans.

(iii) Festival Advances were so far being accounted under "Deposits and Advances". With effect from the 1st April, 1974, Festival Advances will be classified under "766. Loans for Government Servants, etc.— 4. Festival Advances" within the Consolidated Fund. Necessary Budget Provision has been made under this head in the Budget Estimates for 1974-75. **The Departments should note that payment of Festival Advances hence-forth requires Budget Provision and no payment should be made in excess of the Budget allotment.** Allotment of funds to individual Departments will be communicated seperately.

(iv) Advances of Pay and Travelling Allowance on transfer were so far being classified under "Civil Advances" under "Deposits and Advances". It has been decided that with effect from the 1st April 1974, advances of Pay and Travelling Allowance on transfer will be accounted under the same head to which the Government Servants' Pay and Travelling Allowance are debited. The advance will be debited to the Department/Office which makes the advance. Adjustment of such advances from Pay or Travelling Allowance will be treated as **minus** expenditure under Pay or Travelling Allowance of the Department/Office to which the Government servant is transferred irrespective of whether the recoveries are made in the same year or in the subsequent year.

(v) It has been decided that the rules and procedure of adjustment for supplies made or services rendered by one department will stand modified with effect from the 1st April 1974 to the extent indicated below :—

The principle of Commercial Department or Commercial Undertaking which works to a financial result, charging or being charged for supplies made or services rendered will continue. Such of the Commercial Departments/Undertakings as are authorised to draw cheques should settle the bills in respect of services rendered or supplies made to it through cheques. In cases where, Commercial Departments or Undertakings are not vested with cheque drawing powers, bills should be settled through Bank Drafts. The amounts due to the Commercial Departments/Undertakings from other Departments should also be settled through Bank Drafts.

In cases of transactions between two service departments where manufacturing or production or supply of articles or repair operations are involved and the rules require settlement, no adjustment

need be made if the cost of the services or supplies is Rs. 250 or less in each case. In respect of transactions above this limit, the supplied department will present a bill at the Treasury for the cost of supplies or services along with the accepted invoice and challan **in quardruplicate** indicating the designation of the supplying officer, invoice number and the heads of account to which the amount claimed is to be paid by transfer credit. The Treasury Officer will check the head of classification noted in the challan with that noted by the supplying officer in the invoice and pass the bill for payment by transfer credit to this above head of account, debiting the amount to the head indicated in the bill by the supplied officer. After the adjustment, the Treasury Officer will retain the original copy of the challan and send the duplicate and the triplicate to the supplied officer who will keep one for his office record and send the other to the supplying officer. The Treasury Officer should attach the fourth copy to the bill for being sent to the Accountant General along with the paid voucher.

The Public Works, Forest and other Departments vested with cheque drawing powers will settle the claims against them through cheques.

In other cases, where inter-departmental adjustments between two service departments are in respect of services rendered and do not involve manufacturing or production or supply of articles etc., there should be no monetary or accounting settlement except where some fees are levied under a particular enactment. In the latter case also, settlement should be made either in cash or through Bank Draft.

S. KRISHNA KUMAR,
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Finance Department,
(Budget and Resources).

Check of annual establishment returns relating to Local Bodies-Rate of pension contribution payable by Local Bodies.

READ :—

1. G. O. No. FD 14 SAD 58 dated 1st September 1959.
2. D. O. Letter No. PA III/L 31/WA/137 dated 23rd July 1965 from the Accountant General, Bangalore.
3. Correspondence ending with letter No. CSA 21 FG 1/45/390 dated 8th June 1966 from the Controller State Accounts Department, Bangalore.
4. Letter No. PAI/Gaz/C-4, 1223 dated 24th January 1972 from the Accountant General, Bangalore.

PREAMBLE :—

In the Government Order dated 1st September 1959 read above, it was stated among other things that separate orders will issue regarding the rate of contribution payable by the Local Bodies in Hyderabad Karnataka Area, pending which, the existing rate would continue in that area.

ORDER No. FD 56 PSA, 65. BANGALORE, DATED 30TH MARCH 1974.

After careful consideration, Government direct that, in partial modification of the orders issued in the Government Order dated 1st September 1959 cited in